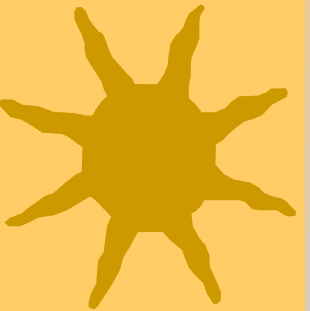


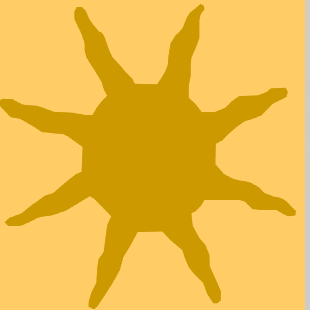


EAC Perspectives



Bill Palmer

March 30 & 31, 2004





Agenda



- ★ EAC Definition
- ★ Purpose of EAC Update
- ★ Groundrules and Assumptions
- ★ Confidence Levels
- ★ Customer & Contractor Influences
- ★ Customer Activities
- ★ EAC Review
- ★ Summary





EAC Definition



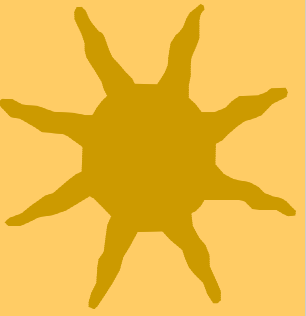
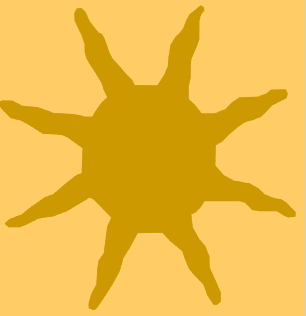
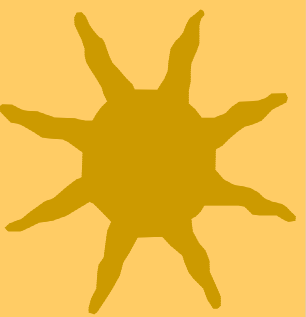
★ For purposes of this presentation

- Major look at total estimated program costs for development program
 - POP exercise
 - Budget call
 - Yearly comprehensive ETC/EAC exercise
 - Customer/contractor need for updated EAC
- Not the normal EVM monthly ETC update

Major EAC Exercise



Purpose of EAC Update



- ★ Better EAC data
- ★ Major issues facing program
- ★ Identify “worst” case funding needs
- ★ Evaluate alternatives

Define EAC Expectations



Groundrules and Assumptions

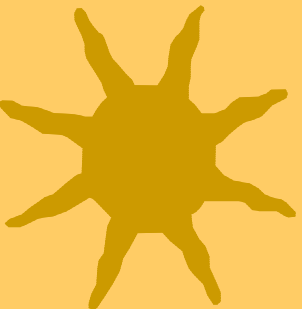
★ What does EAC include?

- Total existing contract
- Proposal(s) in work but not authorized
- New scope not on contract
- Schedule changes
- Funding constraint impacts

Agree on the big picture



Groundrules and Assumptions



- ★ What conditions apply to the exercise?
 - How do you reflect current performance?
 - How are current risks dealt with?
 - Are there projected Government impacts on the contract that need to be dealt with?
- ★ Are the groundrules different than the existing program groundrules?

Take Time for Up-front Planning



Confidence Levels



★ Program schedule

- What is slack position of schedule
- What is confidence level of schedule? 50/50, 70/30,...



★ Dollar estimate

- Independent of schedule, what is estimate confidence?



What Are The Confidence Levels?



Customer Influences



- ★ “Stick to current plan”
- ★ “I want to build a case for more funding”
- ★ “If I have enough money left, I want to issue some new work”
- ★ “I’ll be in big trouble if your EAC grows”
- ★ Members of customer organization are on competitive source selection board



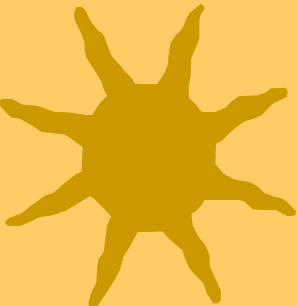
Customers Can Subtly Influence EAC Value



Contractor Influences



- ★ Customer relations
- ★ Political environment
- ★ On-going competitions
- ★ Company internal factors
 - Ethics
 - Job performance
 - ROS enhancement/erosion
 - Growth approaches
 - All at one time
 - Dribble it out



Contractor Personnel Face Internal Influences



Positive Customer Activities



- ★ Work with contractor to get well thought-out and agreed-to groundrules and assumptions



- ★ Explain purpose for excursions from contract baseline



- ★ Participate in detailed review of data
- ★ Work with contractor on reasonable schedule

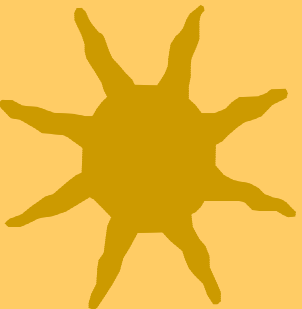
Be Involved to Get What You Need



Disruptive Customer Activities



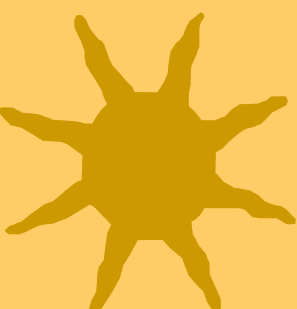
- ★ Initiating EAC exercises without understanding what is wanted
- ★ Changing groundrules during exercise
- ★ Customer team members with different agendas
- ★ Head in the sand



Don't Make It More Difficult



EAC Review



- ★ Review contractor's EAC
 - What is in/not in EAC
 - Contractor admitted perspectives
 - Individual CAM perspectives
- ★ Analyze EVM metrics
- ★ Is it what you expected?

Even With Up-front Planning, Need EAC Review



Summary



- ★ Many factors may influence EAC value
- ★ Up-front planning is crucial
- ★ Customers may help or hinder process
- ★ Make sure you review and understand underlying assumptions of EAC



There Is No One EAC Until Completion